

## **China's Overseas Study Market**

### **Summary**

Chinese student interest in overseas study has grown dramatically over the past 20 years, with the United States as the preferred destination. While the recent lull in the number of Chinese students studying abroad worldwide has generated concern on university campuses, this trend is likely a temporary adjustment to China's maturing domestic education market and implementation of new visa procedures. Recent statistics indicate that U.S. universities and colleges remain the top destination for overseas study.

### **Market Overview**

Over the past several years, more than 100,000 Chinese students have studied abroad annually, up from only 4,900 students in the mid-1980s. China's opening to the outside world after decades of relative isolation combined with implementation of aggressive economic reforms beginning in the early 1980s served as the stimulus for the growing wave of Chinese students studying abroad. According to the United Nations Educational, Scientific, and Cultural Organization (UNESCO), China sends more students abroad than any other nation, worldwide.

Having emerged as one of the world's most dynamic economies and boasting rising disposable incomes and high savings rates, many Chinese families are financially able to send their children abroad to be educated. In 2003, Ministry of Education (MOE) statistics indicate that 93% of students studying abroad were self-financed with the remaining 7% financed by employers. A survey by the National Bureau of Statistics (NBS) found that Chinese families spend 10 percent of their savings on education, which has grown approximately 29 percent annually since 1990. In addition to savings, a growing number of middle-class Chinese families borrow money to finance the overseas education of their only child, as an international degree often ensures young professionals significant advantages in China's increasingly competitive marketplace.

### **U.S. Market Position**

U.S. schools are highly respected for academic excellence, and consequently, the preferred destination for Chinese students in the market for overseas education. The U.S. boasts the most diverse selection of schools worldwide – more than 2,300 degree-granting universities and colleges and 1,800 community colleges. In comparison to other English-speaking countries, the United Kingdom has 228 degree-granting schools, followed by Canada (200), Australia (42), and New Zealand (31). In fact, approximately one-half of Chinese students that studied abroad during 2002-2003 and 2003-2004 academic years studied in the United States. Chinese students compose the second largest group of foreign students in the U.S. (after Indian students), accounting for 11% of the 572,509 enrolled international students.

### Number of Chinese Students Studying Abroad

|   | 1999-2000 | 2000-2001 | 2001-2002 | 2002-2003 | 2003-2004 |
|---|-----------|-----------|-----------|-----------|-----------|
| <b>Chinese Students Studying in the United States</b>   | 54,466    | 59,939    | 63,211    | 64,757    | 61,765    |
| <b>Total Number of Chinese Students Studying Abroad</b> | 23,749    | 38,989    | 83,973    | 125,179   | 120,000   |

As indicated in the chart above, Chinese student enrollment in the U.S. suffered a slight fall of 4.6% for the 2003-2004 academic year, consistent with a first-time drop in Chinese student visa applications in 2003. This decline does not reflect a sudden disinterest in U.S. education in particular, as the total number of Chinese students studying abroad worldwide during the 2003-2004 academic year, also dropped by approximately 4.5%. Other English-speaking countries such as Britain and Australia, have also witnessed a decline in their respective Chinese student populations, despite promotion efforts.

The slight drop in Chinese students studying in the U.S. during 2003-2004 is likely temporary trend, as indicative of a recent rise in the number of U.S. visa applications and approvals. The volume of student applications and visas issued in 2005 has so far shown a marked increase compared to 2004. In May 2005, the U.S. Embassy and four consulates in China issued 2,314 F-1 (student) visas and 617 J-1 (exchange visitor) visas, in comparison to 1,518 F-1 and 209 J-1 visas in May 2004. Additionally, beginning June 20, 2005, the U.S. Embassy in Beijing and the 4 Consulates General in China began issuing F-1/F-2, J-1/J-2, and M-1/M-2 (vocational training) visas valid for 12 months with multiple entries to qualified applicants.

#### **China's Maturing Education Market**

The expansion of domestic education market has created an increasing number of opportunities for students to pursue higher education without leaving China. According to the China Education and Research Network, official statistics indicate that up to 52 percent of Chinese university candidates would get admitted in 2002, in comparison to only 2.4 percent in 1981. The rise in admitted university candidates is in part due to the growing number of academic institutions. In 1980, China had 675 institutions of higher learning. As of 2003, China's 1,552 institutions of higher learning enrolled 3.8 million undergraduate students, 220,000 graduate students, and 48,700 doctoral students.

In addition to expanding number of opportunities at public institutions, the capacity of Chinese universities to deliver higher education is also being enhanced. The Chinese government plans to increase spending on education dramatically, from its current budget allocation of 2.5 percent of gross domestic product to 4 percent, to meet China's education needs for the new century. As part of the "Project 211 Initiative," China plans to strengthen 100 universities to reach international standards in terms of capacity and key disciplines crucial to China's continued development.

Public universities have traditionally dominated China's higher education scene. Every year, high school students must pass a nationwide university entrance exam to ensure placement at a public university. Typically, failure to pass the exam marked the end of formal education, unless a student was financially able to pursue university education abroad. Laws passed in the early 1980s began opening the market for private education providers, expanding opportunities for students excluded from the public university system. According to the People's Daily, there are now nearly 1,300 private institutions of higher learning serving 1.5 million students, or about 39% of university students nationwide.

In recent years, Sino-foreign joint schools and degree-granting programs have also made a mark on China's educational landscape, growing at an extraordinary rate. As of April 2004, there were nearly 140 Ministry of Education approved joint programs with foreign institutions. These programs offer Chinese students the opportunity to pursue a foreign-style education in China across academic disciplines, typically at a lower cost, while also eliminating long absences from home.

As demonstrated by China's maturing education market, students are now presented with a plethora of domestic educational options. While some students will no doubt pursue education in China, others will be drawn to the international experiences that can only be gained by studying in a foreign country.

## **Market Trends**

Approximately 82% of Chinese students studying in the United States are post-graduate students. However, the number of undergraduate students studying abroad is rising. Chinese students have traditionally gone abroad to pursue studies related to sciences, but are beginning to branch out into other areas including business, economics, and social sciences. In addition to undergraduate and post-graduate students, local recruitment agencies indicate that wealthy Chinese families are beginning to express interest in sending their high school age children abroad for study at private college preparatory schools. While this segment of China's overseas study market is very small, it is a niche market that will grow as the urban elite in China's major cities continues to expand.

Students at all levels generally obtain information regarding overseas study opportunities from the Internet, agencies, and exhibitions. However, some students, particularly at the undergraduate level, are learning about overseas study through "1-2-1" programs offered at their university. Some Chinese universities together with foreign partners, have designed "1-2-1" articulation agreements that offer Chinese students a two-year study abroad option for undergraduates. Through such arrangements, foreign universities are able to tap into China's market for overseas study for two years of an undergraduate student's four-year academic career. The student completes the first year of undergraduate study in China, followed by two years abroad at the foreign university, after which the student would return to China for the final year of undergraduate study to receive a bachelor's degree. Such a model is increasingly commonplace in universities across China.

## **Market Access**

All students must obtain F-1/F-2, J-1/J-2 or M-1/M-2 visas to study in the United States. University admission officers should be aware of and counsel prospective students on post-September 11<sup>th</sup> visa procedures affecting travel to the United States. Information pertaining to visa procedures can be found on the U.S. Embassy's webpage: <http://www.usembassy-china.org.cn/visa>.

Universities that are visiting Shanghai are also encouraged to attend the Consular Section's "Education Hour". The weekly session offers U.S. educational institutions and exchange organizations to discuss visa-related procedures and issues (not pertaining to specific applicants) with a Consular Officer. More information pertaining to time and dates can be found at: <http://www.usembassy-china.org.cn/shanghai/acs/#edu>.

## **Market Entry**

Well known colleges and universities have greater name recognition and thus, require less active student recruiting programs. However, this is not the case for the majority of U.S. universities and colleges. In a brand conscious market, less well-known schools must implement active and strategic recruitment programs to establish credibility in China's increasingly savvy education market. Access to China's overseas study market is generally accessed through the following channels:

- **Direct Recruitment via Education Fairs**  
Schools that opt for direct student recruitment usually participate in any number of China's international and domestic education fairs. Carefully selected as fairs target different market segments – i.e. undergraduate versus graduate students.
- **Recruitment via Partner Organization**  
Some schools also partner with local universities or recruitment/overseas advising centers to recruit students. As foreign universities have become a magnet for Chinese students, a cottage industry of agencies, brokers and go-between firms has developed. In recent years, the Chinese government has moved to license such companies. CS China can assist U.S. universities connect with authorized recruitment agencies and overseas advising centers. These organizations vary in scope, but generally provide information on foreign universities and offer guidance with assessment tests, school application materials, passport and visa procedures. They can also serve as an active recruitment agent promoting, particular foreign universities. Services are provided on either a commission basis or paid by the student. Schools beware of "visa tots" by carefully screening potential partners to ensure that they are actively involved legitimate student recruitment.

## **Key Contacts**

China Education Association for International Exchange (CEAIE)

[www.ceaie.edu.cn](http://www.ceaie.edu.cn)

Institute of International Education (IIE)

<http://www.iiehongkong.org/chinese/index.htm>

NAFSA: Association of International Educators

[www.china.nafsa.org](http://www.china.nafsa.org)

## **Trade Shows**

The MBA Tour

Beijing – September 13, 2005

Shanghai – September 15, 2005

[www.thembatour.com](http://www.thembatour.com)

Institute of International Education (IIE)

2005 U.S. Higher Education Fairs

Shanghai – October 11, 2005

Beijing – October 13, 2005

[www.iiehongkong.org](http://www.iiehongkong.org)

China Education Expo 2005 - Vocation and Training Show

October 6-19, 2005

Various cities – Guangzhou, Wuhan, Shenyang, Beijing, Hangzhou, Shanghai

[www.fairlink.com.cn/education/index.shtml](http://www.fairlink.com.cn/education/index.shtml)

China International Higher Education Exhibition Tour (CIHEET)

February 18 – March 5, 2005

Various cities – Beijing, Xi'an, Chongqing, Shanghai, Xiamen, Shenzhen

[www.cieet.com/cieet/English/web/Welcome.htm](http://www.cieet.com/cieet/English/web/Welcome.htm)

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